

Office Market Survey Downtown Portsmouth

Presented by David Choate
Executive Vice President | New Hampshire

Accelerating success.

March 5, 2016



Office Market

Downtown Portsmouth

Office inventory includes:

- › Multi-tenant and single tenant buildings 10,000+ SF
- › Class A, B and C

Does not include:

- › Medical space
- › Buildings under 10,000 SF
- › Does not include buildings where the primary use is residential



Office Inventory

Downtown Portsmouth Office Inventory	
	Q1 2016
Total SF*	546,357±
Total Vacant SF	42,065±
Overall Vacancy Rate	7.7%

*Numbers based on inventory tracked by Colliers International | New Hampshire as of February 22, 2016



Office Lease Rates

Downtown Portsmouth Office Lease Rates - Modified Gross	
	Q1 2016
Class A Space	\$30-\$35
Class B Space	\$20-\$25

Office Market Trends | Downtown Portsmouth



- › Office (whole building and condo) purchases will continue as interest rates remain low and inventory remains stable
- › Landlord incentives will diminish as Class A and B supply decreases
- › Longer leases (3 years plus) will become the norm
- › Fewer fixed rates will continue to be offered by landlords
- › Any increases in base rent will continue to remain low at 2% to 3% or CPI
- › The price PSF for the sale of office buildings and condos will continue to rise and will fluctuate wildly as demand outstrips supply
- › The vacancy rate downtown will remain low as new construction is focusing on retail and residential uses rather than office space



195 Hanover Street
Portsmouth

2,990± square feet

LEASED TO

Fred C. Church

October 2015

\$34.18 MG



100 Market Street
Portsmouth

3,228± square feet

LEASED TO

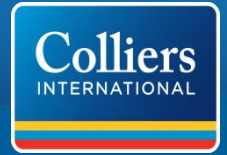
NBT Bank

October 2015

\$31.17 MG



Sales & Leasing Information



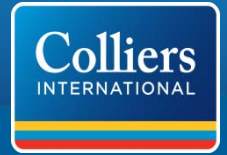
If you would like more information on the Portsmouth market or sales and leasing information, please contact:

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Thank You!



New England Region

**Thomas J. McIntyre
Federal Building**

INDUSTRY DAY

MARCH 5, 2016





Property Description

- Thomas J. McIntyre Federal Building constructed in 1966
 - 107,000 gross square feet on 2.1 acres
 - The building includes a main lobby, offices, and conference rooms
 - USPS portion includes retail space and loading docks
 - Parking includes 135 total spaces (44 indoor/91 outdoor)
- Recent Projects
- Environmental Considerations
 - Lead Based Paint
 - Asbestos Containing Materials
 - Underground Storage Tanks
 - Historic Status

Objectives of Proposed Exchange

- Meet the long-term space needs of federal agencies by reducing the government's footprint and maintaining Federal ownership within the CBD
- Leverage the expertise of the real estate industry to unlock the equity in the property
- Maximize financial return to the government and taxpayers
- Promote new market-driven use(s) on the underdeveloped McIntyre property

RFI Overview

- General Services Administration (GSA) issued Request for Information (RFI) on January 28, 2016
- GSA is considering new approaches to leverage existing assets and engage the private sector to strengthen its real property portfolio
- RFI solicits feedback from developers and other members of development community potentially interested in the exchange
- RFI not a solicitation
- Coordinating effort with City of Portsmouth
 - Mutual benefits from unlocking development potential of McIntyre while maintaining federal presence within CBD

RFI Highlights

- Examples of possible transaction structures
 - Exchange for newly constructed building
 - Exchange for existing building
 - Exchange for newly constructed building on City-owned parcel
- Questionnaire
 - Industry feedback for planning purposes
- Submit responses electronically to john.dugan@gsa.gov by **5:00 PM on Monday, March 28, 2016**

Post RFI

- Review feedback
- Consider follow up conversations with respondents
 - Clarify and expand on written comments
- Evaluate possible transaction structures
- Adopt and execute a preferred transaction strategy
 - An exchange could involve a two-step process:
 1. Request for Qualifications
 2. Request for Proposals
- Updates to be posted on www.gsa.gov/mcintyre

New Facility

- Up to 40,000 gross square feet
- Sufficient on- and off-street parking spaces as appropriate for approximately 100-150 personnel
- Located within Central Business District
- Requirements
 - Meet *Interagency Security Criteria* and *PBS Site Security Design Guide*
 - More detailed information regarding requirements will be provided as part of any future solicitation

Principal Points of Contact

- Regarding RFI Process:
John Dugan, Project Manager
GSA, Real Property Utilization & Disposal Division
617.565.5709
john.dugan@gsa.gov
- Regarding Zoning:
Nicholas Cracknell, Principal Planner
City of Portsmouth
603.610.7216
njcracknell@cityofportsmouth.com





City of Portsmouth, NH

Economic Development Overview

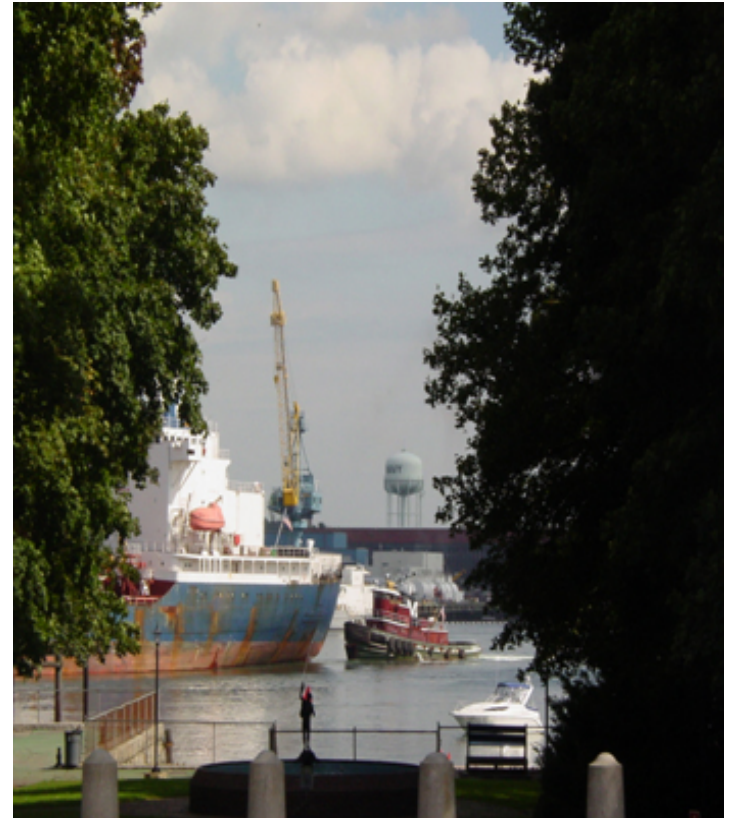
Industry Day for Thomas J. McIntyre Federal Building

March 5, 2016



Economic Overview

- Pop. 21,000 people
- On banks of Piscataqua River
- Home to Pease Tradeport
- State's only deep-water port
- Excellent quality of life
- Stable real estate market
- Diverse economic base
- Regional employment hub





Portsmouth Has Attractive Quality of Life/ Strong Economic Assets



- Vibrant/walkable downtown on waterfront
- Rich History/Architecture
- Strong Independent retail
- Culinary/film/craft brewing
- Interstate highway access
- Easy access to Boston/Ocean/Mountains
- Low crime rate/ Great schools/universities
- Arts/Cultural Resources





Transportation Accessibility

Pease International Airport

- Charter flights available
- Limited commercial passenger flights available
- Designated Foreign Trade Zone

Port

- The Port of New Hampshire is ice-free year-round with a channel depth of 35 feet and bridge clearances between 135 and 150 feet
- Designated Foreign Trade Zone



Highways

- Portsmouth has a prominent position within regional transportation network
- Interstate 95 has three interchanges in Portsmouth and is a major corridor for travelers in New England

Rail

- Three rail lines run to and through Portsmouth: the Main Line-East, the Newington, and Portsmouth branches. These lines are used solely for rail freight.



Tourist Destination

- >7 million visitors per year to seacoast
- Over 50 non-profit arts and cultural org. in city
- Over 307 food establishments, 20 hotels w/ >1900 rooms
- Home of Strawberry Banke Museum, The Music Hall, Prescott Park Arts Festival
- Strong culinary & cultural tourism component





Low Unemployment

- The Portsmouth, NH-ME Metropolitan NECTA is consistently lower than the state, region and nation.
- Source: NH ELMI

	Annual Average Unemployment Rate (%)						
	2015	2014	2013	2012	2011	2010	2009
U.S.	5.0%	5.4	8.1	8.6	8.9	9.6	9.3
Portsmouth Area	2.5%	3.2	4.1	4.1	4.7	5.4	5.6





Educated Workforce

Education levels in the area are higher than national averages

Education Level 2005 -2010 (American Community Survey)		
	Portsmouth Area	U.S.
Below High School	3.6%	14.9%
High School Graduate	96.4%	x%
Some College, No Degree	17.0%	20.6%
Associate Degree	8.1%	7.5%
Bachelor Degree	31.0%	17.2%
Graduate/Professional Degree	17.7%	10.3%

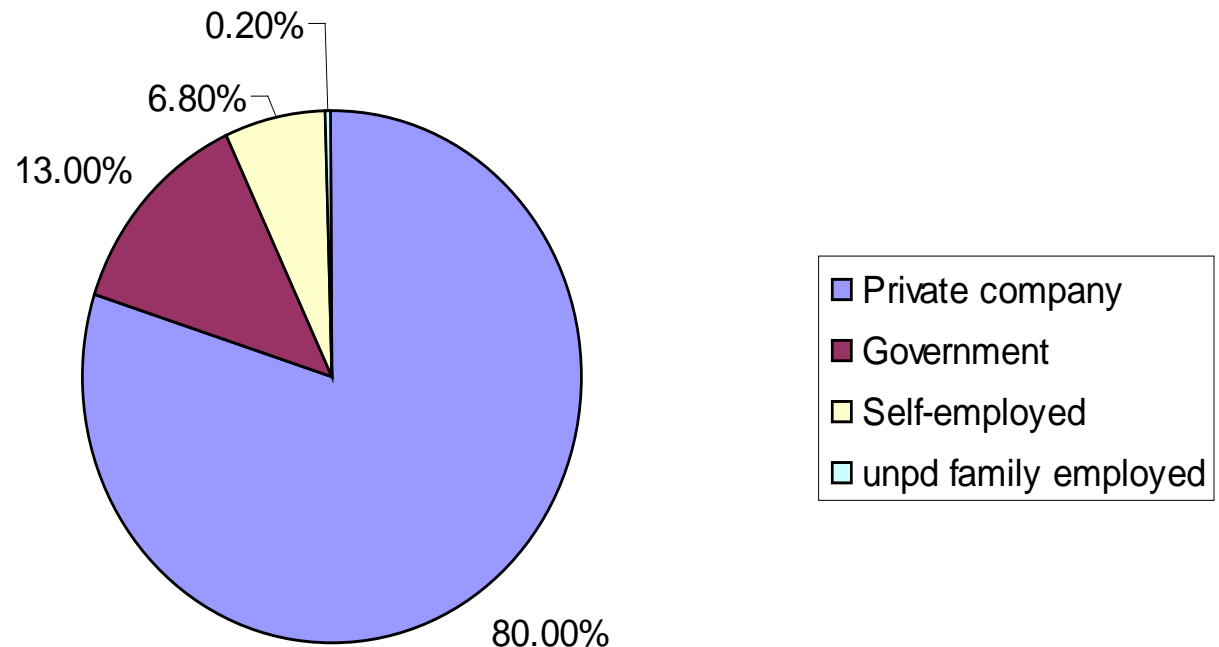




Portsmouth Employment by Type

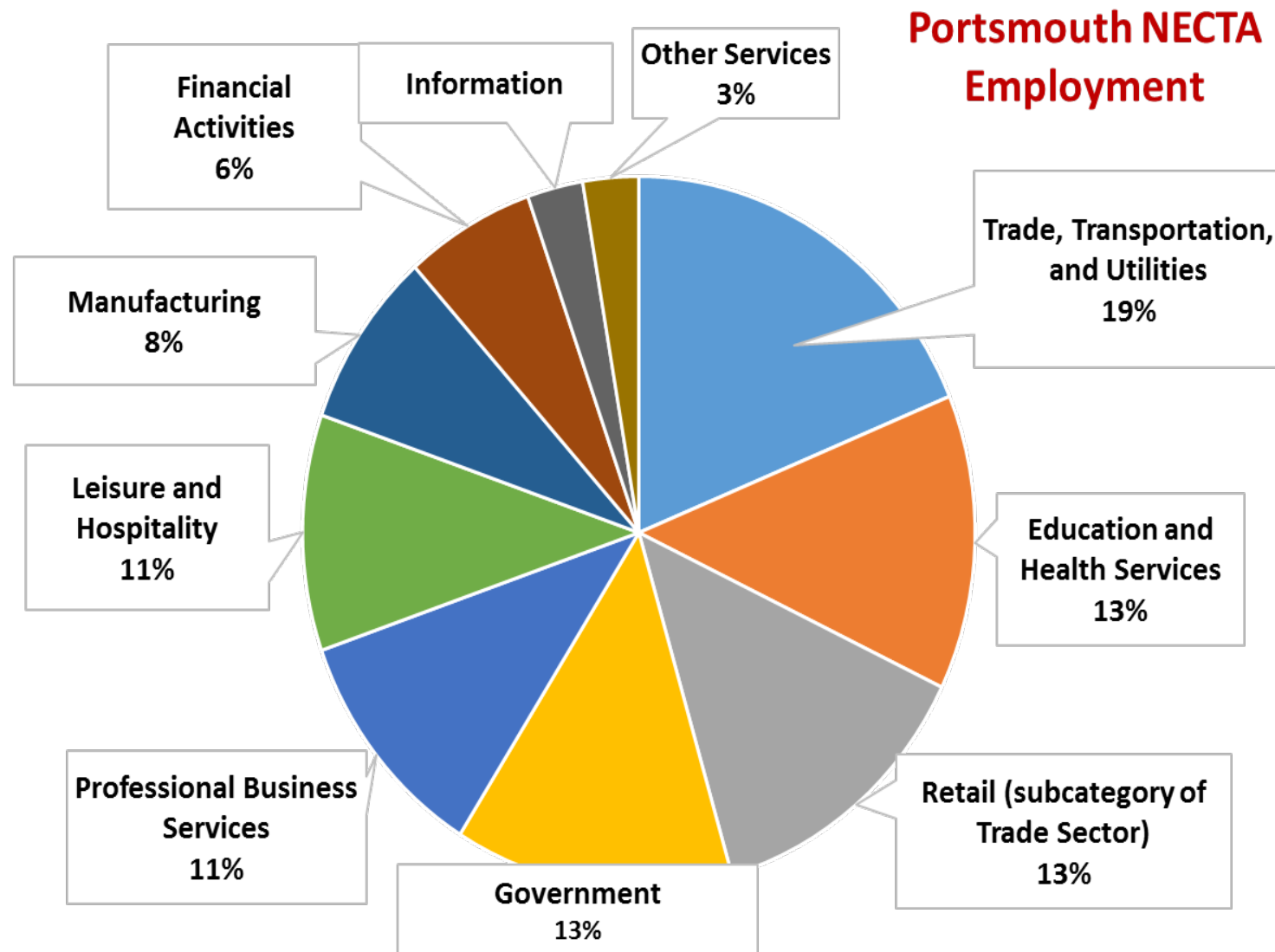
Portsmouth Employment by Type

Source: ACS 2008-2013





Diverse Economic Base





Location Quotient (LQ)

Specialty Areas: City vs. State

Industry Sector	City to State LQ (2012)
Information	2.97
Finance/Insurance	2.37
Professional/Technical	2.07
Management/Enterprises	1.01
Administrative/Waste	1.42
Health Care	1.12
Accommodation/Food	1.33
Source: NH ELMI	



Regional Employment Base

Of those commuting in from elsewhere in NH:

- 21% live in the NH portion of the Rochester-Dover NH-ME MetroNECTA
- 11% live in the NH portion of the Haverhill-North Andover-Amesbury MA-NH NECTA Division (Exeter NH area)
- 3% live in the NH portion of the Nashua NH-ME NECTA Division



2015 Top Private Employers

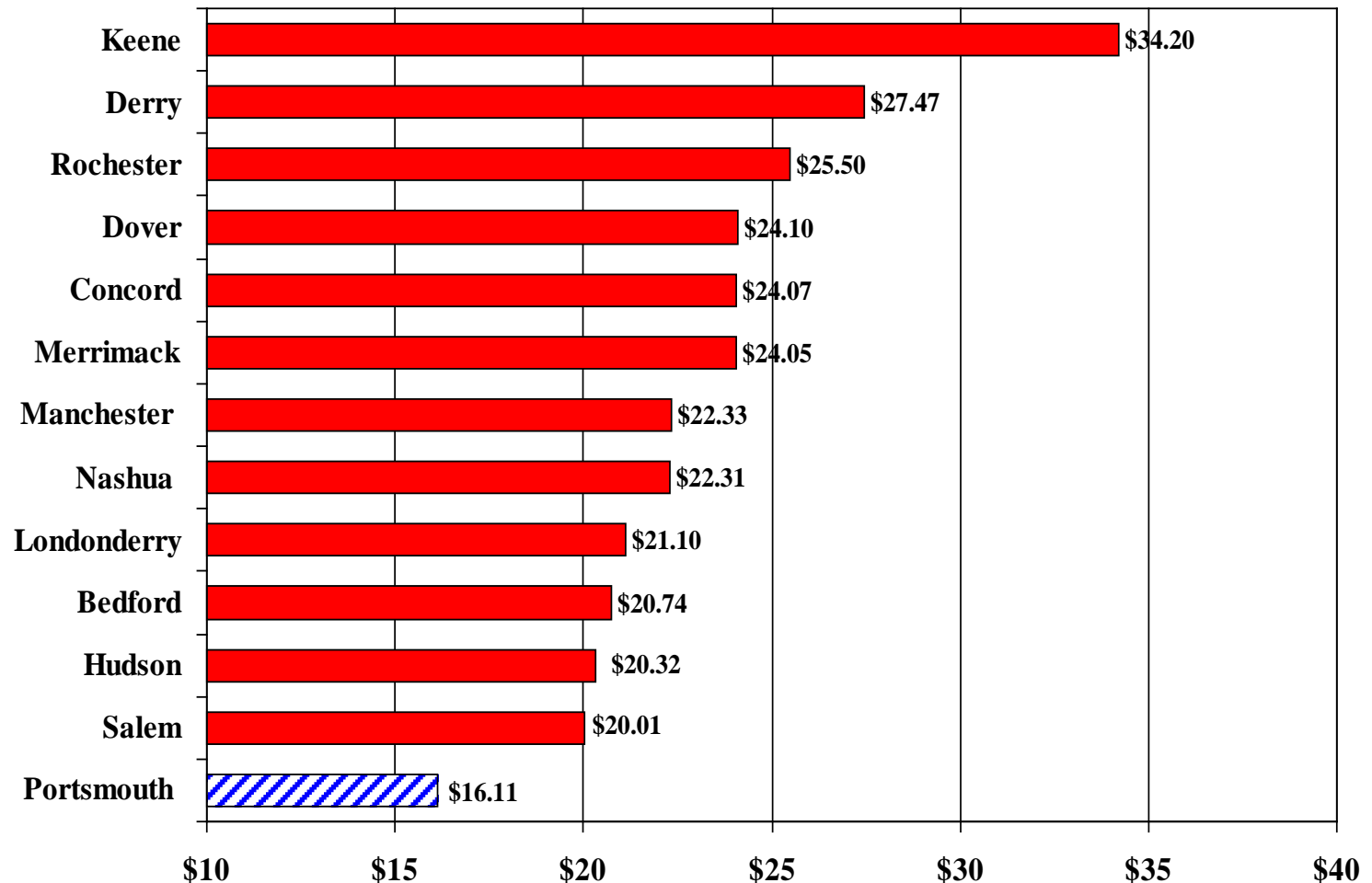


Employer	Number of Employees
Portsmouth Consular Center (VISA, Passport)	1,509
Liberty Mutual	1,015
Portsmouth Hospital	1,000
Lonza Biologics	803
Bottomline Technologies	425
John Hancock	400
High Liner Foods	330
Newmarket International	283
Thermo Fischer Scientific / Sybron Lab Products	280



Portsmouth's Strong Commercial & Industrial Tax Base Contributes to Low Property Tax Rate

Total Tax Rate (NH Communities With at Least 20,000 Pop.)





Portsmouth's Economic Advantage:

- AAA Bond rating
- Highly educated population and skilled workforce
- Relatively low tax burden and low cost compared to similar sized locations
- NH has high per capita income and low poverty rates
- Diverse business base
- Part of Greater Boston Technology Center
- Manchester and Pease Airport
- Cultural, historical, and natural environmental attractions
- Excellent infrastructure, utilities and telecommunications capacity
- Top ranked in:
 - quality of life
 - place to start a business
 - place to raise children & to retire



Project Goals and Objectives

- Create partnership for mixed use development
- Construct infrastructure improvements that add to economic vitality with emphasis on walkability/landscaped open space/civic & performance space
- Capitalize on views – encourage public access
- Include retail Post Office in project
- Develop large plate office space w/shared parking
- Explore potential technology hub
- Develop site to lure firms with professional job creationpotential
- Compliment/sustain local retail and professional services



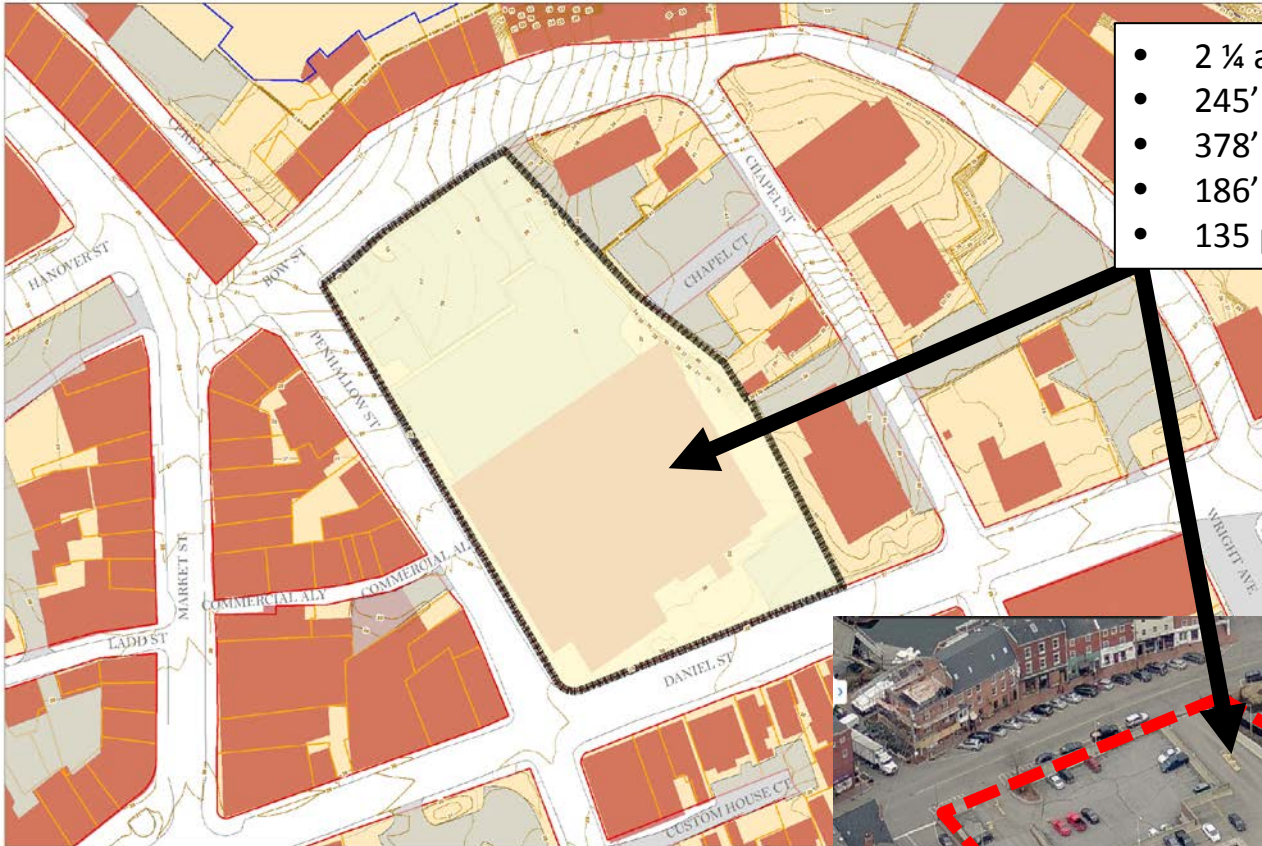
Federal McIntyre Property

**INDUSTRY DAY BRIEFING – AN OVERVIEW OF THE
CHARACTER-BASED ZONING AND THE CITY'S ROLE
IN A THREE PARTY AGREEMENT**

March 5, 2016

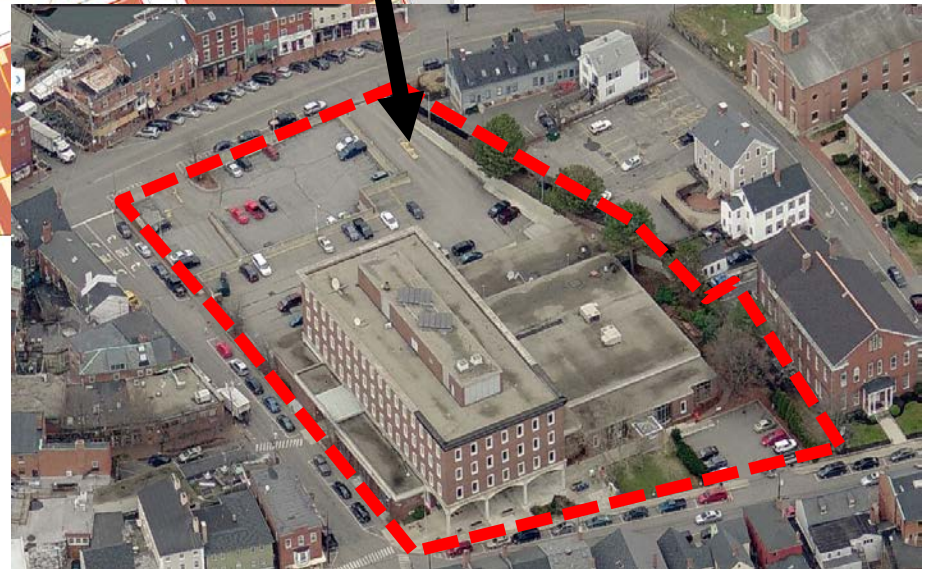


Federal McIntyre Property



- 2 ¼ acres
- 245' of frontage on Daniel St.
- 378' of frontage on Penhallow St.
- 186' of frontage on Bow St.
- 135 parking spaces

McIntyre Project - Existing Conditions



Federal McIntyre Building



- 1-4 story building (c.1967)
- 107,000 SF of GFA
- Two-tiered parking lot
- 2 minute walk to Market Square

Zoning Goals for a McIntyre Redevelopment Project

1. Encourage new mixed-use buildings to be pedestrian-friendly and reflect the scale and character of the surrounding buildings
2. Encourage either demolition or adaptive reuse of existing building to fit-in better with the surrounding neighborhood context
3. Activate the street edge with commercial uses
4. Encourage second-floor office uses
5. Minimize the visual impact of off-street parking
6. Emphasis on walkability and pedestrian circulation
7. Protect & enhance important view corridors
8. Encourage active civic space areas
9. Encourage shared parking
10. Increase the local tax base



Land Use Regulations for a McIntyre Redevelopment Project

1. Character-Based Zoning:

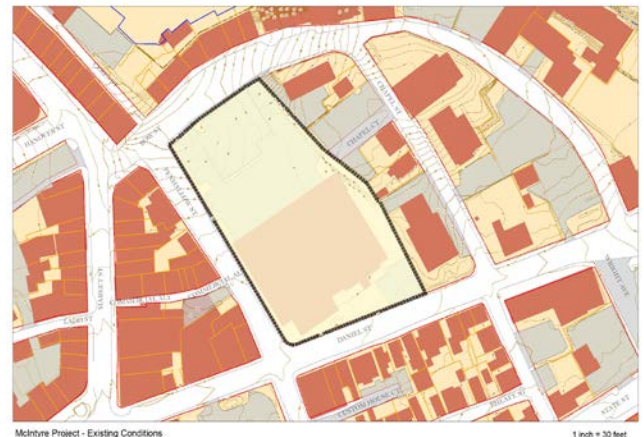
- Regulating Plan (Map)
- Building Heights (Incentives)
- Façade Types (Shopfronts)
- Use Regulations
- Development Standards
- Parking Requirements

2. Site Plan Review

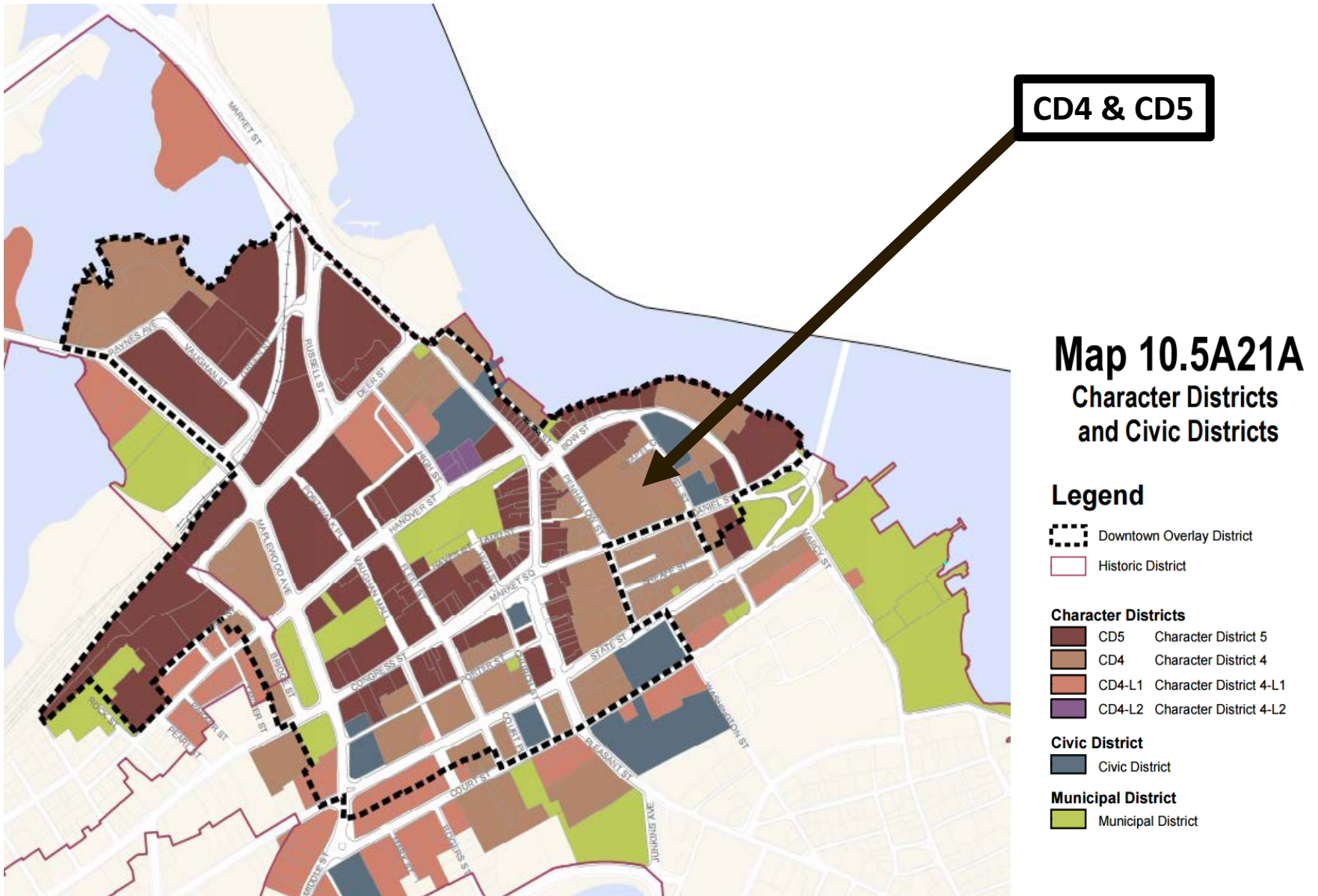
- Technical Advisory Committee

3. Historic District Commission

- Work Sessions / Public Hearing
- Design Guidelines



Regulating Plan (Zoning Map)



Building Heights



40 & 45 Feet

Map 10.5A21B Building Height Standards

Legend

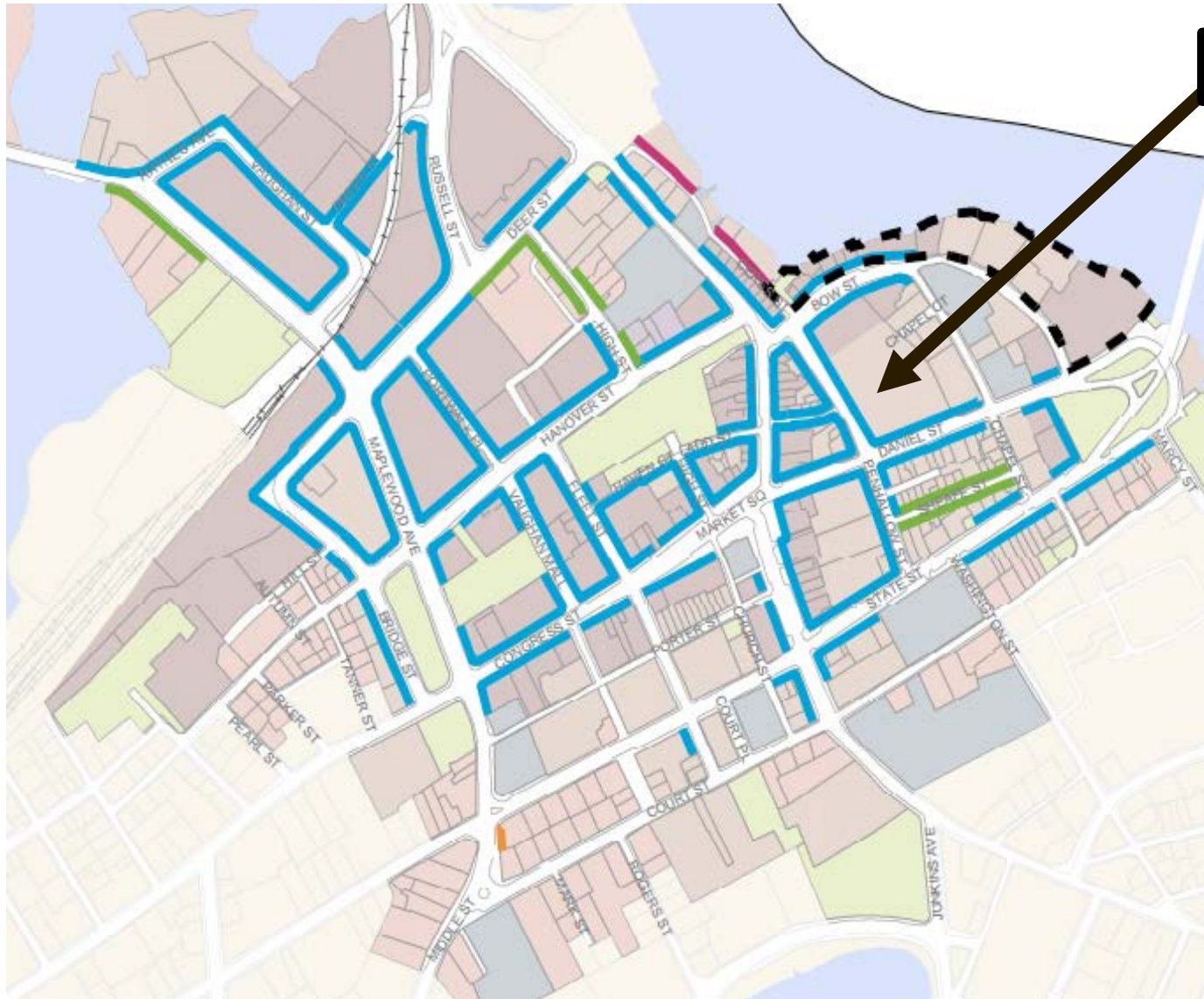
Height Requirement Area	Maximum Building Height*
1 Story	20'
2 Stories	35'
2 Stories (short 3rd*)	35'
2-3 Stories	40'
2-3 Stories (short 4th*)	45'
2-4 Stories	50'
2-4 Stories (short 5th*)	60'
2-5 Stories	60'

*Penthouse Levels may exceed the maximum building height by 2 feet.

..... Increased Building Height Area

The indicated Maximum Building Heights may be increased pursuant to Section 10.5A43.32.

Facade Types



Shopfront

Map 10.5A21C
Special Requirements for
Façade Types, Front Lot
Line Buildout, and Uses

Legend

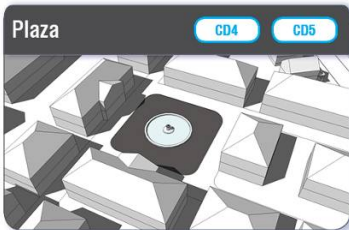
— No more than 50% Front Lot Line Buildout, wood-sided appearance, and uses shall be those permitted in the Waterfront Industrial Zone & Section 10.830.

- Shopfront Façade Type
- Step Façade Type
- Officefront Façade Type
- Waterfront Zone

Pending Incentives for Height and Open Space



A Civic Space available for unstructured recreation and Civic purposes. A Square is spatially defined by building Frontages. Its landscape shall consist of paths, lawns and trees, formally disposed. Squares shall be located at the intersection of important Thoroughfares. The minimum size shall be 1/8 acre and the maximum shall be 2 acres.



A Civic Space available for Civic purposes and Commercial activities. A Plaza shall be spatially defined by building Frontages. Its landscape shall consist primarily of pavement. Trees are optional. Plazas should be located at the intersection of important streets. The minimum size shall be 1/8 acre and the maximum shall be 1 acre.



A Civic Space available for informal activities in close proximity to neighborhood residences. A Pocket Park is spatially defined by building Frontages. Its landscape shall consist of paths, lawns and trees, formally disposed. Pocket Parks shall be in public places or in more intimate mid-block locations. There is no minimum/maximum size.



A Civic Space designed and equipped for the recreation of children. A playground should be fenced and may include an open shelter. Playgrounds shall be interspersed within Residential areas and may be placed within a Block. Playgrounds may be included within parks and greens. There shall be no minimum or maximum size.



A paved/brick pedestrian connector between buildings. Pedestrian Alleys provide shortcuts through long blocks and connect rear Parking Areas and other Civic Spaces with Street Frontages. Pedestrian Alleys may be covered by a roof and or lined by Shopfronts.

50 & 55 Feet

Map 10.5A21B Building Height Standards

Legend

Height Requirement Area	Maximum Building Height*
1 Story	20'
2 Stories	35'
2 Stories (short 3rd*)	35'
2-3 Stories	40'
2-3 Stories (short 4th*)	45'
2-4 Stories	50'
2-4 Stories (short 5th*)	60'
2-5 Stories	60'

*Penthouse Levels may exceed the maximum building height by 2 feet.

•••• Increased Building Height Area

The indicated Maximum Building Heights may be increased pursuant to Section 10.5A43.32.



Use Regulations

1. Commercial Uses:

- Hotels / Inns
- Office
- Retail
- Restaurant
- Nightclub/ Bars
- Financial



2. Residential:

- Live-Work
- Multifamily
- Assisted-Living
- Micro-Units



Development Standards

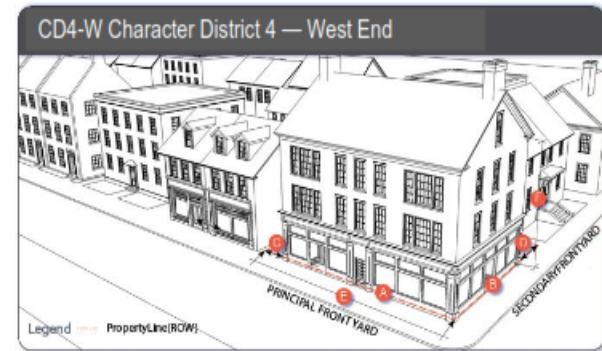
1. Dimensional Regulations:

- Build-to Lines
- Setbacks
- Block Length
- Façade Modulation
- Entrance Spacing
- Coverage
- Footprints
- Lot Area

2. Building Form:

- Height
- Glazing
- Roof Type

FIGURE 10.5A41.10B DEVELOPMENT STANDARDS
CHARACTER DISTRICT 4—WEST END (CD4-W)



BUILDING PLACEMENT — PRINCIPAL BUILDING*

Maximum principal front yard	10 ft	A
Maximum secondary front yard	15 ft	B
Maximum side yard	20 ft.	C
Rear Yard	Greater of 5 ft from rear lot line or 10 ft from center line of alley	D
Front lot line buildout	50% min.	E

* Except for items listed under Section 10.5A42.12

LOT OCCUPATION

Maximum building block length	200 ft
Required façade modulation (see Section 10.5A43.20)	80 ft
Minimum entrance spacing	60 ft
Maximum building coverage	60%
Maximum building footprint (see Section 10.5A43.50)	20,000 sf
Minimum lot area	5,000 sf
Minimum lot area per dwelling unit	2,500 sf
Minimum open space	15%

BUILDING FORM — PRINCIPAL BUILDING

Building height	See Map 10.5A21.B & Section 10.5A43.30	F
Maximum finished floor surface of ground floor above sidewalk grade	36"	
Minimum ground story height	12 ft	
Minimum upper story height	10 ft	
Façade glazing:		
Shopfront façade	70% min.	
Other façade types	20% min. to 50% max.	
Roof type	flat, gable, hip, gambrel, mansard	
Roof pitch, if any		
Gable	6:12 min. to 12:12 max.	
Hip	3:12 min.	
Mansard/Gambrel	6:12 min. to 30:12 max.	

Parking Requirements

1. Commercial Uses:

- Only required for hotel and conference centers uses

2. Residential:

- Market-rate unit: 1.5 spaces
- Workforce Housing unit: space
- Micro-Apartment unit: .5 space

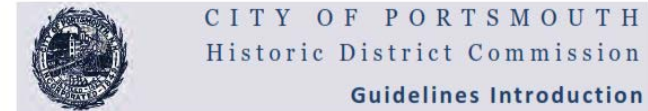
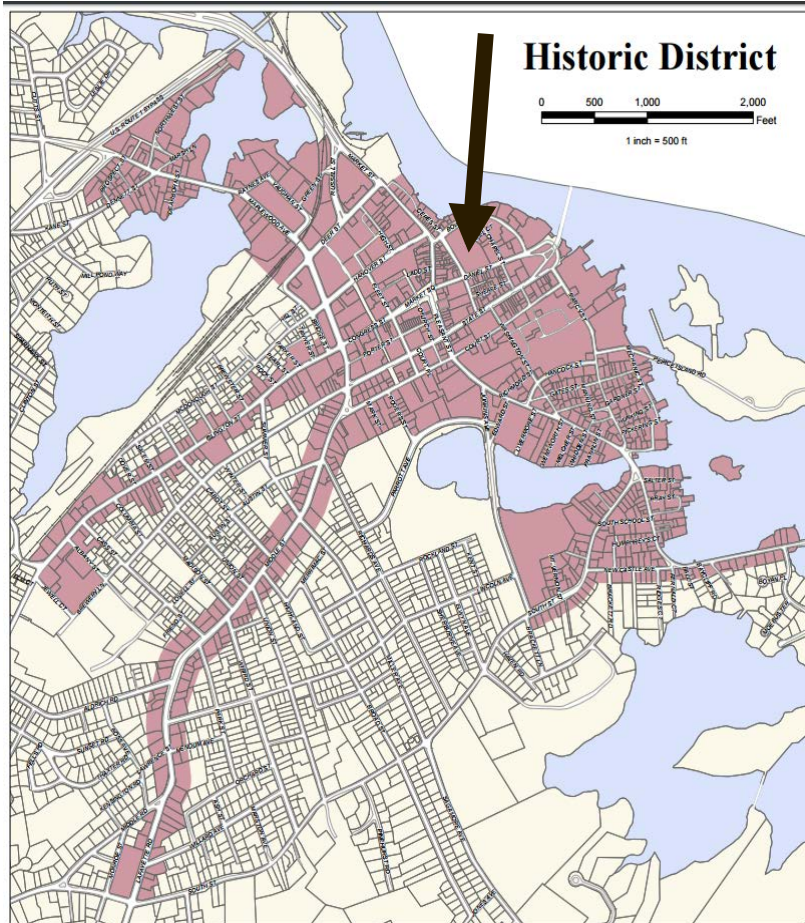


Site Plan Review

1. **Landscaping**
2. **Lighting**
3. **Drainage**
4. **Utilities**
5. **Parking & Traffic**
6. **Pedestrian & Bicycle**
7. **Open Space**
8. **Waste Disposal Systems**



Historic District Commission



WHY IS HISTORIC PRESERVATION IMPORTANT IN PORTSMOUTH?

The City of Portsmouth recognizes that the character and quality of life enjoyed by its citizens depend in great measure upon the City's rich architectural heritage and the importance of the natural and designed landscapes in our community. This historical, cultural, archaeological, social and economic heritage is entrusted to each generation, enriched and passed on to future generations.

These Guidelines were developed in conjunction with the City of Portsmouth's Historic District Commission (HDC) and the Planning Department. Please review this information during the early stages of planning a project. Familiarity with this material can assist in moving a project quickly through the approval process, saving applicants both time and money.

In its review, the HDC considers a property's classification, recommending the greatest historic authenticity at focal buildings, with more flexibility at contributing structures, and the most at non-contributing properties. The HDC Staff in the Planning Department is available to provide informal informational meetings with potential applicants who are considering improvements to their properties.

Additional Guidelines addressing other historic building topics are available at City Hall and on the Commission's website at www.planportsmouth.com/historicdistrictcommission. For more information, to clarify whether a proposed project requires HDC review, or to obtain permit applications, please call the Planning Department at (603) 610-7216.

HISTORIC PRESERVATION IN PORTSMOUTH

To promote continued enrichment of our local heritage, the City of Portsmouth enacted the Historic District ordinance, (Article 6 - Overlay Districts) of the City's Zoning Ordinance, whose purpose is:

- To preserve the architectural and historic resources of the City of Portsmouth; to foster its architectural and historic character and its sense of place; to conserve property values; to strengthen the local economy; and to promote the use of the District for education, pleasure and welfare of residents and visitors.

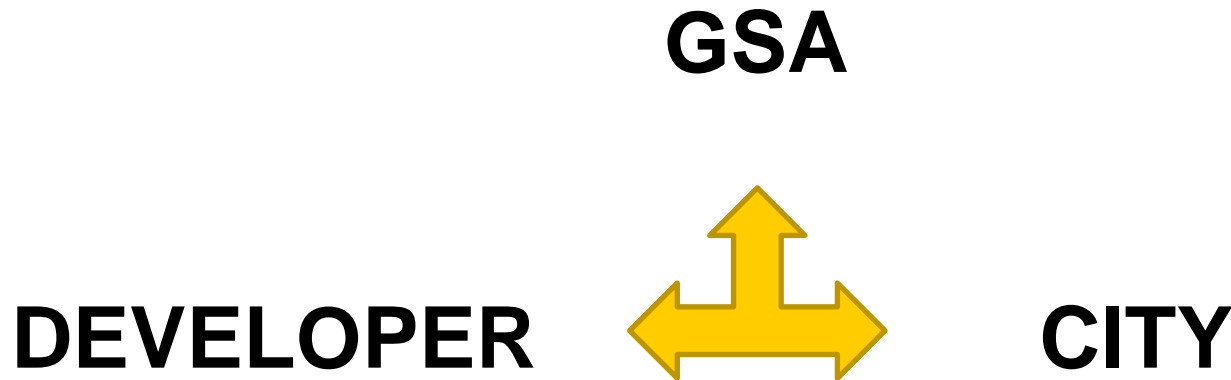
Since 1965, the Portsmouth Historic District Commission (HDC) and City Planning Department have worked to support the preservation of historical sites, buildings, landscapes and structures, and the surrounding environment within the Portsmouth Historic District. The principal mechanism they utilize for this effort is through a review process of exterior alterations to existing buildings and properties as well as the construction of new buildings and structures.

LANDSCAPE PRESERVATION

When contemplating changes to the landscape such as installing a fence or a project near a wetland resource area, please consider that your project may need review by multiple bodies. Recognizing the importance of the natural and cultural landscape as part of the defining characteristics of Portsmouth, the City established the Conservation Commission. The purpose of the Conservation Commission is to protect, promote and develop the natural resources of the City. In conjunction with the HDC, the Conservation Commission protects the scenic and cultural heritage of our community.

1. Work Sessions / Public Hearings
2. Design Guidelines

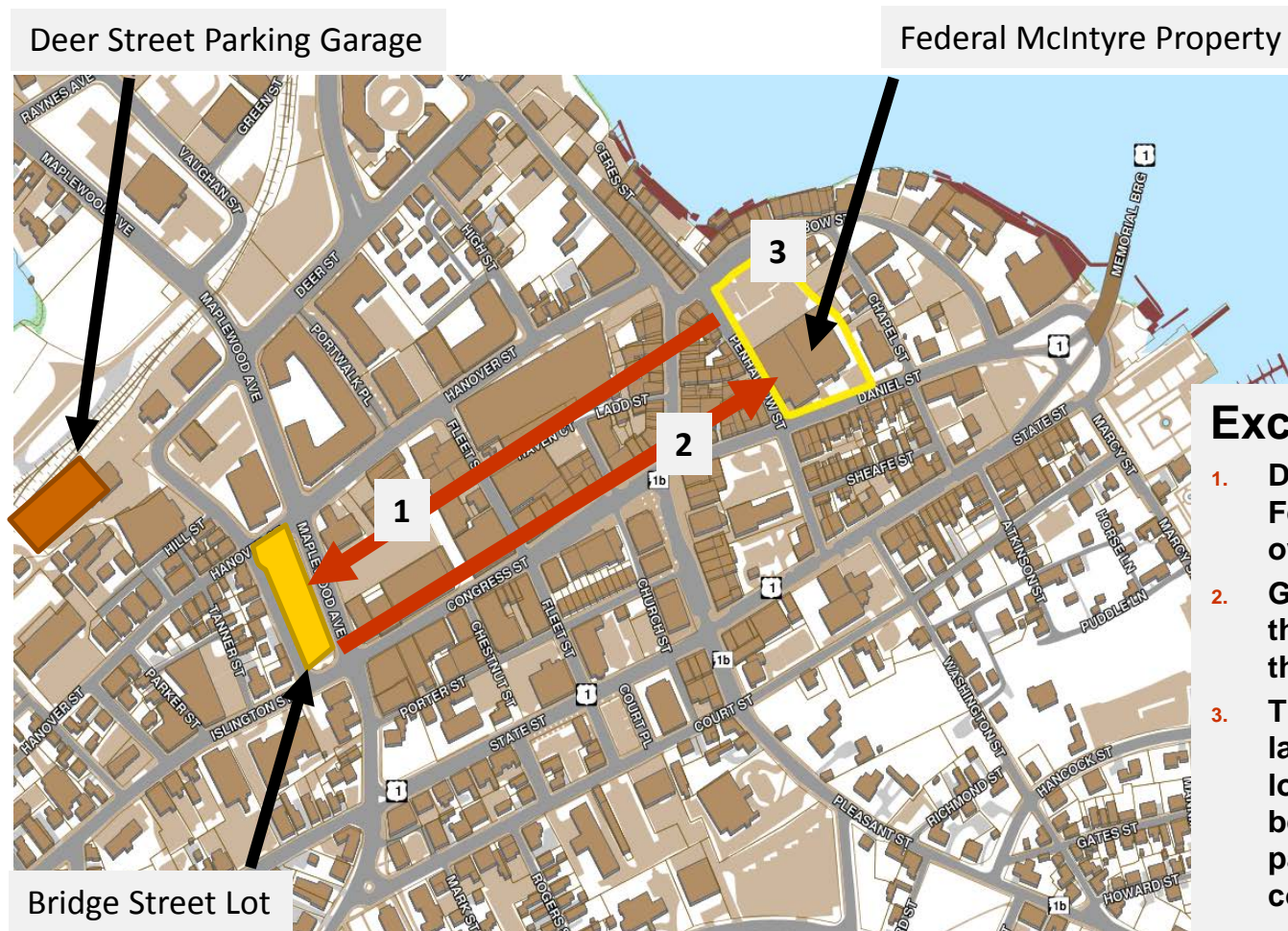
Overview of the Three-Party Agreement Option



City's Goals:

1. Directly participate in the Developer-Selection Process.
2. Leverage local input and oversight on locational and building design issues.
3. Leverage economic development impacts and provide direct input on use, density, scale, and design issues.

An Example of a Three-Party Agreement



- GSA
- City
- Developer

Exchange Agreement:

1. Developer builds a new Federal facility on the city-owned lot.
2. GSA deeds the McIntyre Lot to the Developer in exchange for the new Federal facility.
3. The City provides a long-term land lease for the city-owned lot in exchange for public benefits such as civic space, parking or monetary consideration.



Federal McIntyre Property

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